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# Implications of the One-Child Family Policy on the Development of the Welfare State in the People's Republic of China

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*The one-child family policy in China, if successfully implemented, will drastically alter the population age structure in the coming years which will in turn affect the demand and supply of the welfare state. Using several population indices projected on the basis of different total fertility rates, it is found that the aged population will increase significantly and hence their needs for social services including social security and health care will increase accordingly. Because the responsibility for caring for the old in China still largely falls on the family, it is important to establish an universal social security system supported by the State in order to reduce fertility. On the other hand, because the baby boom cohort in the 1960s are entering their adult ages, the labor force will continue to grow and maintain at a high level for at least another forty years, despite the decline in birth rate. While the shrinkage of the young will offset part of the increaaasing burden of the elderly, the government must develop an universal social security system and improve occupational welfare, child care, and higher education in the near future in order to achieve the goals of the four modernizations as well as population control.*

China,<sup>1</sup> in many respects, is not a country to be taken lightly. It is now the most populous country in the world and its population accounts for about 22%<sup>2</sup> of the total population in the world. A combination of the population of the Soviet Union and the United States only barely exceeds 50 per cent of China's 1982 total (Tien, 1983, p. 3). Therefore, China's population growth and the degree of control exercised over it will have a substantial impact on the overall trend of world population growth and on world population problems in general.

Given China's vast population size and its backward eco-

conomic state (China's per capita GNP in 1979 is US\$253), several questions quickly come to mind: how does China support her population? what is the general welfare of the people? and how will future population change affect the development of the welfare system in China?

In order to tackle the crisis of population explosion, leaders in Beijing, in 1979, launched the most ambitious population control campaign in human history—the “one-child family policy.” Its goal is to limit the number of children per couple to one. If successfully implemented, China's population will begin to drop in the next century. The policy will, no doubt, have profound effects on the population structure which in turn will affect the demands and resource base (supply) of the welfare state in China.

The purpose of this paper is to explore and predict the effects stated above. First, we briefly review the current welfare system, which is followed by a brief discussion of the emergence of the one-child family policy (OCFP). Several population indices are calculated based on the population projections produced by several Chinese demographers (Sung, Tien, Yu, and Li, 1982). Using these indices, we are able to predict the implications of population change on the development of the welfare state in China.

### The Chinese Welfare State—a Brief Overview

The welfare state of many Western societies has developed to an extent that individuals are being cared for by the state from “cradle to grave.” In socialist China, the welfare of individual citizens is also said to be a major concern of the government. Premier Zhao Ziyang declared in a recent report that the fundamental purpose of socialist construction is to meet the growing material and cultural needs of the people (Zhao, 1981, p. 60).

In reality, the Chinese government has done a reasonable job in providing housing, education, health care, and other forms of material relief or welfare to its vast population. In less than forty years, China has lifted herself from extreme poverty to a hopeful developing country. The life expectancy of its people was raised and infant mortality dropped dramatically. Housing, education, health care, child care, and other services are made

universal to many who are in need. Limited provision of services to the physically and mentally handicapped and to the poor are also available.

Although some general principles seem to apply to social welfare programs and services both in rural and urban China, it would be practical to look at them separately because there are fundamental differences between them.

### *Rural Welfare*

China has remained an agrarian society where 80% of its population live in rural areas. Welfare and social services are delivered largely through the collective sector in rural China. The basic structure of the rural collective sector is composed of the people's communes, production brigade, and production team.<sup>3</sup> Most social services and welfare are delivered through the production team, which is the smallest unit in the commune system.

Responsibility for caring for the old, the weak, the young, and the handicapped largely falls on the family. Aids are restricted to only a few who are in extreme need. Long term assistance is given to less than 5% and usually about 1% of the population (Davis-Friedmann, 1983, p. 609). Several characteristics are summarized about welfare services in rural China:

1. The family bears the major responsibility for care for its members. Usually, only those who are either very old or completely disabled (including the blind, the deaf, the mentally ill, etc.) and lacking both the ability to work and responsible kin to care for them are eligible for aid.
2. Loans or partial grants, both in kind and in cash, are available only on a short-term basis to solve a temporary crisis.
3. The standards of assistance depend on local economic conditions and they vary greatly among production teams and communes.
4. Institutional care is very rare.

The primary long-term welfare assistance in rural China is the system of 5-guarantees. It guarantees (a) enough food, (b) enough clothing, (c) enough fuel, (d) an honorable funeral, and (e) free medical care.<sup>4</sup> The production teams are responsible to deliver the program with financial assistance from the bri-

gades and communes. Based on some field observations and interviews of former residents of the mainland, Davis-Friedmann (1983, p. 609) draws four generalizations about the 5-guarantees welfare system:

1. The majority of recipients of 5-guarantees are old women.
2. The 5-guarantees do not cover all expenses; most recipients seek work or establish special relationships with other villagers.
3. Most efforts to establish personal ties to supplement the 5-guarantees resemble family rather than friendship relations.
4. Rural welfare programs are not necessarily more successful or more generous in rich villages than in poor.

### *Urban Welfare*

Urban welfare services are based on government laws and regulations in the socialist sector of the economy. In other words, social welfare and services in urban China are largely welfare or benefits related to work. Generally speaking, urban residents enjoy a much higher living standard and receive much more welfare and services than those who live in rural China. Major welfare delivery agents are the work units, trade unions, and neighborhood organizations.

The quality of welfare and services one enjoys depends on the occupation group to which he or she belongs. Vermeer (1979, pp. 864–5) distinguishes five occupational groups in urban China: (a) cadres and political elites; (b) staff, workers, and employees of the State-owned enterprises; (c) contract workers and temporary workers who have been hired for a definite period by a State enterprise; (d) subcontract workers, organized in neighborhood committee factories or in suburban communes; and (e) the unemployed.

Within the class of cadres and political elites, one can still make a distinction between three groups: (a) a few hundred remaining survivors of the Long March, (b) Party members who joined before the Party took power in 1949, and (c) new members (35 million). The same order also applies to the social and political positions of these three groups and the amount of welfare and services to which they are entitled. Together with the People's Liberation Army, they are considered the elites of Chinese society on the mainland and enjoy the highest level of welfare and benefits.

The second occupational group, employees of State-owned enterprises, is entitled to a full range of social welfare schemes including workmen's compensation, maternity benefits and old-age pensions. This group constitutes the majority of the working force in urban China.

The third and fourth group do not participate in regular State-regulated social welfare schemes and "will not receive any bonuses, nor will they enjoy services provided by the factory such as housing, training programs, theater tickets, and other recreational facilities" (Vermeer, 1979, p. 865). However, they do receive a social welfare scheme which is less comprehensive than that of the State-owned enterprises.

The fifth group, the unemployed, mainly urban youth, receive no specific welfare. Their parents or families are supposed to take care of them. If they are legal residents of the city, they continue to receive rations for food and clothing. The government has sent some 17 million youths from the cities to rural areas to relieve the burden of urban unemployment since 1969. This practice was stopped in the late 1970s and a number of dissatisfied youths who were being sent to the countryside came back to cities illegally. The illegal residents do not receive any welfare or help from the government and have to depend entirely on their families or relatives.

The following characteristics serve as a summary of urban welfare practice in China:

1. Pensions, disability benefits, and other social security programs exist not as rights for everyone but as privileges to be earned through work.
2. How much social welfare and services one is entitled to depends on the occupational group to which he or she belongs.
3. When benefits have not been earned, direct public assistance is to be given only as a last resort.
4. The management of welfare benefits is decentralized down to work units and neighborhoods (Whyte & Parish, 1984, pp. 71-76).

### *Summary*

Major welfare and social services in China are centered around the work place. Those without employment receive early minimum support from the government if they cannot be sup-

ported by their families. Everybody is expected to work and contribute to society. The family is still a major source of support for its members. The state intervenes only when all sources of help are exhausted. Elderly people without pensions may receive welfare only when their family and relatives cannot support them. The same practice applies to the handicapped, and the widowed. In general, the welfare and service delivery system is highly decentralized. As remarked by Vermeer, "provision of social welfare is, in the first place, a duty of small groups (family, village, factory), and only after that fails does the State take over" (Vermeer, 1979, p. 879). Thus the Chinese government has avoided the creation of an extra bureaucracy to administer the welfare services. In addition, the living standard of the public is maintained at or above the level of subsistence without having to draw too much resources from the State.

### One-Child Family Policy

According to the 1982 census, there are 1,031,822,511 people in China which accounts for about 22% of the total population in the world. China has become the world's first "demographic billionaire." The figure reflects an increase of 314 million in the 18 years since the last census in 1964 (Tien, 1983, p. 3). The huge size and large annual growth of China's population have aroused anxieties among policy makers and scholars.

Before 1949, "China's population growth pattern was characterized by a high birth rate, a high mortality rate and a low natural growth rate" (Qian, 1983, p. 295). After the founding of the PRC, the population expanded rapidly. Improved health care services resulted in a substantial decline in mortality rates and infant mortality. However, the birth rate remained at a fairly high level from 1949 to 1970 (above 33%). Combining these factors inevitably led to a high natural growth rate in the first two decades of new China.

Since 1971 China has become more pragmatic about its population policy and committed to control its population. The campaign of "wan xi shao" or "later, longer, and fewer" was launched to establish the three reproductive norms of "late marriage (mid-20s for women; late 20s for men), longer intervals between births (three to four years), and fewer children—no more than

two per family in cities and three in rural areas" (Tien, 1983, p. 5). Between 1970 and 1979, China was able to lower the birth rate from 33.59 to 17.90 per thousand, a decrease of 46.7%. The natural growth rate also dropped dramatically from 25.95 to 11.7 per thousand (a decrease of 54.9%) (Qian, 1983, p. 297).

Despite their success in bringing down the natural growth rate of the population, Chinese officials came to realize that the large number of people born during the 1960s and early 1970s are now in their marrying and child-bearing ages; therefore "even a two-child family would mean continuing population growth for at least half a century" (Tien, 1983, p. 5). Leaders in Beijing realize that the size of the population has to be further reduced if any success of their four modernizations<sup>5</sup> can be achieved. Vice Premier Chen Muhua reports about the burden of the vast population on the national economy and on individual couples:

"With over 900 million persons, even a small rise in each individual's demand will produce a shocking large aggregate figure. (Moreover) at the present time, the cost of raising an infant to 16 years of age is about 1,600 yuan<sup>6</sup> in rural villages and 4,800 yuan in medium-sized cities and small towns, and 6,900 yuan in large cities . . . Based on these figures, the accumulated total cost to the state, the collective, and families for raising the 600 million persons born since liberation has been more than 100 billion yuan—or about 30 percent of the accumulated total national income over those years" (Chen, 1979).

Thus the Chinese government embarked on a vast and ambitious experiment: the creation of a nation of one-child families. If successful, the structure of Chinese society will change drastically; the traditional social network will disappear; the size of China's population will be maintained and begin to fall in the next century.

Sichuan, the most populous province of China, started to adopt the policy of "one-child" in early 1979 under the leadership of Zhao Ziyang, then the governor of the province. By 1982, the "one-child" policy was widely adopted throughout China. The legal base of the policy was also written in the new 1982 Constitution: "The state promotes family planning so that population growth may fit the plans for economic and social development,"



and "both husband and wife have the duty to practice family planning" (Tien, 1983, p. 13). And the Marriage Law also states that "late marriage and late childbirth should be encouraged" (Qian, 1984, p. 19).

The current population policy in China is three-fold: (a) to encourage each couple to have one child, (b) to strictly control second births, and (c) to resolutely forestall third births (Qian, 1984, p. 19).

By 1985, according to a nation-wide survey, there are 35,000,000 only children in China. One-child families now compose 21.2% of all Chinese families with children (Health and Family Planning News, 1985). The goal of the policy, however, is far from being attained. Chen Muhua, Vice-Premier and then the Director of the State Birth Planning Commission, stated in 1980:

"We will try to attain the goal that 95 per cent of married couples in the cities and 90 per cent in the countryside will have only one child in due course, so that the total population of China will be controlled at about 1.2 billion by the end of the century" (People's Daily, 1980)

### *Rewards and Penalties*

The OCFP involves a set of incentives to those who are willing to accept the single-child certificates and disincentives to those who do not. Amounts and levels of rewards and penalties vary from province to province. In rural areas, the package of benefits to those couples who have accepted the single-child certificate typically covers these items (Davin, 1985, pp. 48-9):

1. A nutrition or welfare allowance reckoned monthly in cash (typically 5 yuan) or in workpoints from the birth of the child or the time when the parents sign the one-child pledge.
2. A single payment, typically 20 yuan, but was reported as high as 300 yuan.
3. Paid maternity leave or extra paid maternity leave.
4. An allocation of a private plot of land and housing land for the single-child family equal to that normally given for two children, or where land is short, 1.5 children.
5. A full adult grain ration.
6. Free medical, educational, and kindergarten facilities for the child.

In the cities, single-child certificate holders receive similar rewards. In addition to a cash health or welfare subsidy paid by the work units, the single child "has priority of admission to nurseries, schools, hospitals, clinics and in job allocation and all educational and medical fees from birth onwards are to be waived or at least reduced" (Croll, 1985, p. 29).

There is also a set of penalties being imposed for a third child and sometimes even on the birth of a second child. These economic sanctions are usually carried out more strictly in urban than in rural areas. In the countryside, examples of penalties include, as observed by Davin (1985, p. 50):

1. A deduction of 20% of the couple's income to apply from the date when a second pregnancy is discovered. The deduction is repaid if abortion is accepted.
2. A deduction of a set percentage (5% in Sichuan, 10% in Shanxi) of the couple's wages until the child reaches a specified age (7 in Shanxi and Qinghai). This is less severe than the level of urban penalties, presumably because many peasants live so close to subsistence that higher rates were thought unnecessary and perhaps unenforceable. Deductions from income are set at even higher levels for the third, fourth and subsequent children.
3. No per capita allowance of grain, private plot, responsibility plot or housing land for children born outside the plan.

In the cities, "regulations permit employment units to deduct 5 to 10% of the total income of a couple for somewhere between ten and sixteen years after birth, a proportion which rises to 15% for a fourth and 20% for a fifth child" (Croll, 1985, p. 30). The costs of the birth and subsequent medical and educational expenses of the second child are borne by the family. Moreover, couples who gave birth to more than one child are "not eligible for promotion or a bonus for a number of years and cannot apply for subsidies in case of hardship" (Croll, 1985, p. 30). Finally, single-child certificate holders who are found to have violated the single-child rule will have to pay back all the benefits they have received.

As in other countries, the population control policy is more successful in urban than rural areas. It was reported that the proportion of first births in urban China has reached 83% and 62.3% in rural areas (Health and Family Planning News, 1985).

### *Summary*

Since the founding of the PRC, the population in China began to grow rapidly. The population continues to grow because the birth rate has remained high (33 per thousand) for a long period of time (1949–1970) and there was a substantial decline in the mortality rate (from 20 per thousand before 1949 to about 7 per thousand in early 1970s). In the early 1970s the government began to take serious steps to control the population.

By the late 1970s, the birth rate dropped considerably. However, since there was a huge baby boom in the 1960s and the cohort is entering into marrying ages in the 1980s, Chinese officials realize that a second boom will come if they do not further limit the number of births per couple. There were also concerns that the backward state of agriculture may not be able to keep up with the number of mouths to be fed. Thus the government launched a most ambitious program to control its population growth—the OCFP campaign. Rewards and penalties are being imposed on every couple to encourage the practice of only having one child in each family. So far the campaign is relatively successful and is more effective in urban than in rural areas.

### *Implications of OCFP on the Welfare State Development*

The extent to which the OCFP is successfully implemented will have different effects on the age structure of the population. The age structure, on the other hand, will have profound effects on the supply and demand of the welfare state (e.g. national budgets on pensions and health care services for the aged).

The median age of China has remained relatively stable from the 1950s to 1970s. However, if the fertility rate continues to decline and the mortality rate remains low, the proportion of elderly population will increase rapidly. Ansley Coale estimates that by 2035, given that the decline of fertility is fast enough to reach zero population growth by the year 2000 (the original target of the one-child family policy), about one-quarter of the total population would be over age 65 (Coale, 1981, pp. 85–97).

Here, different projections of indices are calculated based on the population estimates produced by Song and his associates. These indices can help evaluate and project future changes in the welfare state in China. They are, namely, labor force index,<sup>7</sup>

child dependency index,<sup>8</sup> aged dependency index,<sup>9</sup> dependency index,<sup>10</sup> and the young and old ratio<sup>11</sup> (Song. et al., 1982; 1985).<sup>12</sup>

The ideal goal of the One-Child family policy is to achieve a total fertility rate of 1 ( $B=1$ ); or in other words, one child per couple. However, it is unlikely that the Chinese officials can keep such a low fertility rate throughout the whole country. Therefore, the fertility rate of 1.5 is a more feasible goal for China. If unexpected resistance or difficulty is encountered during the implementation of the population control policy, the total fertility rate may easily reach 2.0. The projections in tables 1 to 3 are based on these three different total fertility rates (*TFR*).

### *Elderly Services*

Comparing the percentages of the aged population under the three different *TFRs*, one finds large variations in the year 2030. In fact, the differences among them increase as time extends. China will have almost one third of its population reach the age of 65 or over by 2030 if the *TFR* ( $B$ ) remains at one until that time. For  $B=1.5$ , the elderly population will account for 23.9 per cent of the total population, and 19.1 per cent for  $B=2$  in 2030.

The aged dependency index reflects a similar trend. If we

Table 1

*China: 50-Year Projections of Population Indices, 1980-2030.  $B=1.0$*

Year	% of Children 0-14	% of Aged 65+	Old & Young Ratio	Labor Force Index	Child Dependency Index	Aged Dependency Index	Dependency Ratio
1980	33.2	5.1	0.15	61.7	0.54	0.08	0.62
1985	25.5	5.8	0.23	68.7	0.37	0.08	0.45
1990	18.4	6.7	0.34	74.9	0.25	0.09	0.34
1995	15.4	7.6	0.48	77.0	0.20	0.10	0.30
2000	14.6	9.0	0.62	76.4	0.19	0.12	0.31
2005	14.3	10.3	0.72	75.4	0.19	0.14	0.33
2010	12.7	11.8	0.92	75.5	0.17	0.16	0.33
2015	10.5	14.6	1.30	74.9	0.14	0.20	0.34
2020	8.8	19.0	1.90	72.2	0.12	0.26	0.38
2025	7.8	22.6	2.80	69.6	0.11	0.33	0.44
2030	7.5	29.6	3.80	62.9	0.12	0.47	0.59

Table 2

*China: 50-Year Projections of Population Indices, 1980-2030. B=1.5*

Year	% of Children 0-14	% of Aged 65+	Old & Young Ratio	Labor Force Index	Child Dependency Index	Aged Dependency Index	Dependency Ratio
1980	33.2	5.1	0.15	61.7	0.54	0.08	0.62
1985	25.8	5.7	0.22	68.5	0.38	0.08	0.46
1990	20.5	6.5	0.32	73.0	0.28	0.09	0.37
1995	19.6	7.2	0.37	73.2	0.27	0.10	0.37
2000	20.3	8.3	0.41	71.4	0.28	0.12	0.40
2005	19.7	9.4	0.48	70.9	0.28	0.13	0.41
2010	17.4	10.5	0.61	72.1	0.24	0.15	0.41
2015	15.0	12.8	0.86	72.2	0.21	0.18	0.39
2020	13.5	16.3	1.20	70.2	0.19	0.23	0.42
2025	13.2	18.8	1.42	68.0	0.20	0.28	0.48
2030	13.2	23.9	1.88	62.9	0.21	0.38	0.59

Table 3

*China: 50-Year Projections of Population Indices, 1980-2030. B=2.0*

Year	% of Children 0-14	% of Aged 65+	Old & Young Ratio	Labor Force Index	Child Dependency Index	Aged Dependency Index	Dependency Ratio
1980	33.2	5.1	0.15	61.7	0.54	0.08	0.62
1985	27.0	5.6	0.21	67.4	0.40	0.08	0.48
1990	23.4	6.3	0.27	70.3	0.33	0.09	0.42
1995	24.2	6.8	0.28	69.0	0.35	0.10	0.45
2000	25.0	7.7	0.31	67.3	0.37	0.11	0.48
2005	24.0	8.5	0.35	67.5	0.36	0.13	0.49
2010	21.5	9.4	0.44	69.1	0.31	0.14	0.45
2015	19.3	11.1	0.58	69.6	0.28	0.16	0.44
2020	18.6	13.8	0.74	67.6	0.28	0.20	0.48
2025	18.8	15.4	0.82	65.8	0.29	0.24	0.53
2030	18.7	19.1	1.02	62.2	0.30	0.31	0.61

take the middle projection ( $B=1.5$ ), the aged dependency index will rise from 0.08 in 1980 to 0.38 in 2030. In other words, every person in the labor force in 2030 will have to support 0.38 old people whereas the current burden is only 0.08.

This dramatic increase of the aged dependency index may imply a serious threat to the supply side of the welfare state. Fortunately, the tremendous drop of the child dependency index will offset at least part of the burden. In addition, the entering of the baby-boom cohort into the labor force in the coming years will maintain the labor force above 68 per cent of the total population at least until 2020. Therefore, the overall dependency ratio will fall rather than rise in the coming ten to twenty years, depending on the *TFR*.

On the other hand, although the increase of the aged population may not increase the burden on the labor force in the coming one or two decades, it certainly implies a rise in the demand for elderly services.

At present, most Chinese elderly can only turn to their families, relatives, or friends for help if they cannot support themselves. The state is taking a very limited responsibility in providing services to the aged population. This is especially true in rural China where most people do not benefit from the pension system offered by the state to its employees. The elderly in the countryside have to depend on their married sons, as they have traditionally. Married daughters are considered as members of the sons-in-law's families and therefore do not bear much responsibility for supporting their own parents. Thus one could easily understand why it is very difficult for couples to limit their birth to only one child if the child turns out to be a girl. Moreover, boys always bring home more money than girls simply because the average income of male workers is higher than that of the females.

In addition to the threat to financial security in their senior years, couples in rural China have other reasons to have more than one child. The introduction of the responsibility system in the early 1980s has allowed households to become the basic unit of production. Instead of having to go through the distribution process through the production teams and brigades, individual households can now produce and retain their own profits. Si-

deline businesses are also encouraged. Incomes of those households with greater labor force quickly pick up and those with relatively fewer members in the production and more dependents suffer most. It would therefore only be natural for the peasants to want to have more than one child since more children means a larger labor force within the family.<sup>13</sup>

With the reluctance of the state to assume more responsibility for supporting the old and the current open economic policy, the OCFP has created a "catch 22" situation. The success of the OCFP depends heavily on the effective elimination of the widespread fears about old-age security among parents of only children by making pension benefits more widely available. The expansion of social security, however, implies heavier burden on the state and hence a slower economic growth. The failure of the OCFP, on the other hand, will imply rapid population growth which will in turn retard the economic growth and the development of the four modernizations.

In urban China, state sector employees comprise a majority of the working force (Liu, 1982, pp. 119–129).<sup>14</sup> Until the late 1970s, most older workers have preferred work over retirement. One of the reasons was that many of them had not yet worked up to twenty years and therefore were not eligible for receiving the full benefits of their pensions at that time (Liu, 1982, p. 121). As time extends, more and more state employees will be entitled to receive full benefits. As the actual number of them grows, the state has to give a sizable amount of resources to cater to this growing need.

### *Child Care*

Tables 1 to 3 reveal that the child dependency index will drop from 0.54 in 1980 to 0.12, 0.21, or 0.3 in 2030, depending on how successful the OCFP will be. The state will no doubt save on the cost of nurturing and educating the children because of the reduction in fertility rate. Currently, such cost to support a child to 16 years of age is estimated to be 1,600 yuan in the countryside, 4,800 yuan in small towns, and 6,900 yuan in the cities (Croll, 1985, p. 24). According to another estimate based on 1978 data, the average cost is 2,200 yuan. "Raising the 600 million children born since 1949 to the age of 16, therefore, re-

quires a total expenditure of 1,300,000 million yuan. This is roughly 30 per cent of the total gross national income over the period since 1949" (Liu, 1981, p. 9). Table 4 shows the various levels of costs for nurturing and other basic needs under different TFRs in year 2000.

It is estimated that the state will be able to save a sizable amount of money on supporting the child population in the coming twenty to thirty years. Even considering the increasing expenses of the aged population, one Chinese demographer estimated that the state can save on the average 10 billion dollars (RMB) per year until the year 2000 (Tian, 1984, p. 11). However, it is doubtful whether there can be any true savings because, as one demographer maintains, "aged dependents have much more costly needs, particularly for health services, than do young dependents, and their care and nurture poses more serious and

Table 4

*Basic Needs in Year 2000*

TFR	Average arable land <sup>a</sup> (mu per person)	Average jin of foodgrain per person per year <sup>b</sup>	Average # of children entering primary school annually 1996-2000 (in millions)	Total nurturing expenses incurred <sup>c</sup> (100 million yuan)
3	1.05	618	1.8	9,768
2.3	1.16	682	1.4	6,864
2	1.22	718	1.3	5,453
1.5	1.32	777	0.9	3,410
1	1.42	833	0.7	1,760

<sup>a</sup>Calculated on the assumption that by the year 2000 the country's arable land can be maintained at 1.49 billion mu (one mu =  $\frac{1}{15}$  hectare or  $\frac{1}{6}$  acre)

<sup>b</sup>Calculated on the basis of a progressive yearly production increase of 10 billion jin (one jin = 0.5 kg or 1.1 lbs.)

<sup>c</sup>Calculated on the basis of an average of 2,200 yuan in nurturing expenses for each person born between 1979 and 2000

From "One Married Couple, One Child Seen As Necessity," by Zhu, W.Q. in *Zhongshan Daxue Xuebao Zhexue Shehui Kexue Ban* (Zhongshan University Journal, Philosophy and Social Science Edition) 1980, 4, cited in Croll, op. cit., p. 25.



more intractable problems than does the care of children" (Aird, 1984, p. 23, 25). It is also important to note that part of the savings, if there is any, will in turn be used to cover the high benefit costs of the OCFP. "So far, urban employment units and rural production teams have been responsible for the monthly allowances, medical and educational fees, priority housing, and other benefits promised to one-child certificate holders. These can be an intolerable drain on the welfare funds of unprofitable urban enterprises and endanger the living standards of other families in poor rural areas" (Tien, 1983, p. 36). It is unclear as to how much these benefits to the one-child couples are actually costing the state and the collectives; however, the amount may be substantial.

As far as education for the young is concerned, reduction in the numbers of children of primary and middle (high) school ages in both the cities and the countryside will become a general trend. "The number of urban primary school pupils, around 8,250,000 in the late 1970s, will drop to 7,100,000 by 2000, being the lowest in 1986 or thereabouts at 4,800,000—a reduction of 42%. The number of middle school students, now 9,690,000 (assuming all children of that age group go to school), after rising somewhat before 1980 will steadily decline thereafter to reach its lowest point of 4,750,000 in 1991—a more than 50% decrease" (Hu & Li, 1981, p. 127). This poses the problem of how to reallocate the growing surplus of primary facilities and staff in the coming years.

While the seats of primary and middle schools should be reduced according to the decline of need, Chinese officials should be aware that the current rates of school attendance are relatively low. According to a national survey in 1983, the school attendance rate for seven year old children is only 62.2%, and 65.3% for the 14-year-olds. School enrollment in rural areas is also much lower (78.8%) than in the cities (93.1%) for children between seven and fourteen years old (National Statistics Bureau, 1985, pp. 19–20). If school enrollment and school attendance rates are to be pushed up in the coming years, the decline in need for primary and middle school education will be less dramatic.

The same can be applied to the need for nursery care. Cur-

rently, only 11.3% of all pre-school children (age 0-6) receive nursery services. The figure is much lower in the countryside (6%) than in the cities (34.4%) (National Statistics Bureau, 1985, pp. 19-20). As more and more couples are joining the labor force, both men and women, there is an increasing need for nursery care services. With a steady increase in family income, higher quality services will be in great demand. Therefore, even as the actual number of pre-school children is decreasing rapidly, the need for nursery services may actually rise and the quality of such services will need to be improved.

Another possible trend of child care may be that more and more children will be cared for by their grandparents. Looking at the old and young ratios under different *TFRs* (see Table 1-3), we find the proportion of the aged population will surpass that of the child in about thirty to forty years. For  $B=1.5$ , for example, every child will have 1.88 elderly to care for them in 2030 whereas the current figure is only 0.22 (1985). This implies more grandparents are available to care for their grandchildren. As the cost of nursery care rises, this practice will become increasingly popular.

### *Services for Adults*

Tables 1 to 3 reveal that the adult population (labor force) will increase rapidly and stay at its peak until 2015. For  $B=1.5$ , the labor force index maintains above 70% from 1990 to 2020. The dependency ratio can be kept around 0.4 during this period. This is relatively low when compared to 0.68 of 1978. A Chinese demographer termed this time the "golden period" for China to achieve the four modernizations (Tian, 1984). However, a rapid expansion of the labor force may imply a higher unemployment rate if the job market cannot accommodate such a large labor supply or the educational levels or skills of the large labor force do not match the market's needs.

China has been using the strategy of high employment, low income, and low cost of living to maintain a minimum living standard for her vast population. The effort has been quite successful. During the 1950s, about 30% or less of the urban population was employed. By the late 1970s, the figure rose to 50 to 55% (Whyte & Parish, 1984, p. 37). In addition, Chinese officials

have used various policies to tackle or prevent the problem of unemployment. For example, the send-down of some 17 million urban educated youths (over 10 per cent of the total urban population) (Whyte & Parish, 1984, p. 39) to the countryside, or sometimes called the "up to the mountains and down to the villages" campaign, was at least partly aimed to solve the unemployment crisis among urban educated youths. Strict migration regulations are also mainly aimed at preventing rapid urbanization which will usually result in high unemployment and crime rates in the cities.

Despite these efforts, China is not exempted from the problem. "According to Chinese sources, by the start of 1979 there were 5 to 12 million unemployed persons, which translates into 5 to 11% of the nonagricultural labor force. This is a fairly high rate for any society, and indicates that even with impressive controls on migration and labor allocation the battle against unemployment is not easily won" (Whyte & Parish, 1984, p. 42). The problem is expected to be more serious in the cities than in the countryside because most peasants can now engage in sideline businesses when they are not busy in agricultural production.

In addition to the increasing burden of unemployment, the expansion of the labor force also implies more investment on work-related welfare and benefits. Greater demand for vocational and higher education is likely to be another trend since the market will need a more skilled labor force as China becomes more and more industrialized. Putting more youths through higher and vocational education can also serve to ease the pressure of providing employment for such a huge labor force.

### *Summary*

Using the population projections under different *TFRs*, several population indices are calculated in order to locate future changes in the supply and demand of the welfare state in China. Results indicate that the elderly population will increase rapidly. However, this does not post a heavy burden on the labor force because of the growing adult population. A drastic decrease of the child population also implies that the state will save a considerable amount of money in the education and nurturing of

the young. This saving, however, will be needed to create a more universal and comprehensive welfare scheme for the elderly population. If the OCFP is to be successfully implemented, the fear of lack of old-age security among the one-child parents in rural and urban China has to be eliminated. This can be done only by a higher commitment to support the elderly on the part of the state.

On the other hand, the age structures created by the OCFP will give a "golden period" for China's four modernizations and economic growth in the coming 35 years (from now till 2020). The high labor force and relatively low dependency ratio imply that a large resource base, at least in terms of manpower, is available to China. However, this may also lead to more serious unemployment problems and greater demands for work-related benefits and rising need for vocational and higher education.

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### Footnotes

1. Hereafter China refers to the People's Republic of China.
2. This does not include the population of Taiwan, Hong Kong, and Macau.
3. This is a three-level rural organization with the team as the basic, and the brigade as an intermediate organization, and the commune at the top. They are both political and economic entities at the grass-roots level of rural China. However, with the recent introduction of de-collectivization and responsibility system, communes have begun to lose their functions. For detail explanations of the commune system, see William Parish & Martin Whyte, 1978, pp. 30–43.
4. In some instances, the fifth guarantee is listed as education for children rather than medical care.
5. The modernization of agriculture, industry, national defense, and science & technology.
6. Then, one yuan roughly equals to US\$.67.
7. The labor force index is the ratio between the labor force (the population of age 15 to 64) and the total population.

8. The child dependency index is the ratio between the children population (the population of age 0 to 14) and the labor force.
9. The aged dependency index is the ratio between the aged population (the population of age 65 or over) and the labor force.
10. The dependency index is the ratio between the number of people with no working ability and the population of the labor force.
11. The young and old ratio is the ratio between the population of the aged and the children.
12. These indices were also used by Song and his associates. For further explanations of these indices, please see Song, et al., 1982; and Song, J., Tuan Chi-Hsien, & Yu Jing-Yuan, 1985.
13. Note that children in rural China can become economically productive as early as age ten.
14. However, the urban state sector only comprises 19% of the total labor force in China.

